

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-78—SB 455

Government Administration and Elections Committee

Finance, Revenue and Bonding Committee

AN ACT CONCERNING THE CITIZENS' ELECTION FUND

SUMMARY: By law, grants to candidates participating in the Citizens' Election Program (CEP) are made from the Citizens' Election Fund (CEF). The CEF is mostly funded by proceeds from the state's sale of abandoned property that escheats (reverts) to it (see BACKGROUND).

This act requires revenue from the corporation business tax to be deposited into the CEF if, during an election cycle, there are insufficient funds to cover grants to qualified CEP candidates. Whenever tax revenues are deposited in the CEF for this purpose, the act requires that an amount equal to the aggregate deposits be deducted from the escheats deposited into the CEF the following fiscal year.

The act also (1) eliminates prior law's procedure for addressing insufficient grant funds, (2) allows the State Elections Enforcement Commission (SEEC) to use funds in the CEF's reserve account if the CEF is insufficient, and (3) makes technical changes.

EFFECTIVE DATE: Upon passage and applicable to primaries or elections held on or after that date.

PROCEDURE FOR ADDRESSING INSUFFICIENT CEF FUNDS

By law, SEEC must determine, by January 1 in a state election year, whether there is enough money in the CEF to provide grants to CEP candidates. Under prior law, if SEEC determined that there were insufficient CEF funds to fully cover the grants, it had three days to recalculate the amount of money qualified candidates could receive, on a proportionate basis, and notify them. After the candidates received their share of money from the fund, they could (1) accept contributions that were not subject to qualifying contribution limits and restrictions and (2) spend as much as a nonparticipating opponent could spend.

The act eliminates this procedure and instead requires that revenue from the corporation business tax be deposited into the CEF if, during an election cycle, there are insufficient funds in the CEF to cover grants to qualified CEP candidates. The deposit must equal the amount of the insufficiency. It appears that this determination can be made at any point during the election cycle, but the act does not specify what agency makes the determination. The act also requires that an amount equal to the total tax revenue deposit be deducted from the escheats that are deposited into the CEF the following fiscal year. By law, the amount of escheats deposited into the CEF in a fiscal year equals the amount

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deposited in the preceding year, plus an adjustment for inflation.

The act makes a conforming change concerning the use of funds in the CEF reserve account. Under prior law, SEEC could use the reserve account only during the seven days before a primary or election for payments to candidates whose grants were reduced. The act instead allows SEEC to use the reserve account during this time if the CEF has insufficient funds to cover CEP grant payments.

BACKGROUND

CEF

The CEF is funded mostly by a statutorily determined amount of proceeds from the sale of abandoned property that escheats to the state. If there are not enough proceeds from escheated property in a fiscal year to cover the required annual deposit, corporation business tax revenues must be deposited into the fund to cover the shortfall. The fund may also receive voluntary contributions, surplus donations from candidate committees, and proceeds from its investment earnings. The state treasurer administers the fund, which is a separate, nonlapsing account in the General Fund.

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